



CLEVELAND RESTORATION SOCIETY

Terms and Conditions of the Heritage Home Program

- During the one-year term that a homeowner is under contract with the Heritage Home Program, no changes or alterations are allowed to be made to any significant historic features of the subject property without review and approval by CRS staff.
- Installation of vinyl replacement windows, replacement doors and vinyl or aluminum siding are specifically prohibited during the entire one-year construction term of the loan. If these changes are made, the low-interest subsidy will be terminated. This will be enforced whether these changes are made with loan proceeds or any other type of funding.
- Loan documents must be signed and closed before any work begins or any payments made to contractors. Work started or paid for before the loan is signed and closed will not be financed with Heritage Home Loan funds.
- Homeowners and contractors must follow the Master Specifications provided by CRS. Failure to do so will result in the termination of low-interest rate subsidy.
- Contractors are responsible for pulling all required permits for all work; however, homeowners are responsible for ensuring that permits have been pulled.
- In all Heritage cities, except for Cleveland Heights, every homeowner participating in the loan program will be asked to display a Heritage Home Program sign in their front yard to advertise the program and the city's sponsorship of the program. Signs will be displayed for the duration of the construction projects and for up to two weeks following the completion of the projects. Signs will be posted in a visible location and follow city code requirements. The CRS will be responsible for the posting and retrieval of the signs.

By signing the Heritage Home Loan Program application and any applicable KeyBank paper work, the program participant agrees to pay all fees and follow all Heritage Home Program terms and conditions listed above.



CLEVELAND RESTORATION SOCIETY

Does my house qualify for the Heritage Home Program?

The Heritage Home Program is a low-interest home equity loan program for homeowners interested in preservation and rehabilitation of their older or historic houses. If you answer “yes” to questions 1 through 5, your house is eligible.

- 1) **Is your house located in a participating community?**
The Heritage Home loan is currently offered in the City of Cleveland Wards 1, 11, 16, 18, and 19; Bay Village, Chagrin Falls, Cleveland Heights, East Cleveland, Independence, Lakewood, Lyndhurst, Parma, Pepper Pike, Rocky River, Shaker Heights, South Euclid and University Heights.
- 2) **Is your house at least 50 years old?**
Yes, it was built before 1958.
- 3) **Does your house retain most of its original characteristics, such as wood siding, brick, stone or stucco finishes, and a majority of its wood windows?**
If your house currently has vinyl or aluminum siding or vinyl windows throughout, your house is not eligible for this program unless you are willing to reverse those alterations.
- 4) **Is your repair project scope within the parameters of our program?**
Most interior and exterior projects may be funded with this loan. Items not funded with this loan are: vinyl siding, vinyl windows, glass-block windows, wood decks, patios, driveways, building additions, installation of new landscaping features, and other ‘luxury’ items.
- 5) **Does your home contain three occupancy units or less?**
Both owner-occupied and non-owner occupied rental properties of 3 units or less qualify for the loan.
- 6) **Do you have equity in your home?**
Our primary type of loan is based upon available equity, but there are options if you have limited equity (see After-Rehab Appraisal Option).
- 7) **Has your project already started?**
Any work that has already started or has already been paid for cannot be included in the loan.

The Cuyahoga County Treasurer sponsors this low-interest rate loan through a linked-deposit investment. There are property valuation criteria for the loan:

- Tax value between \$0 - \$500,000 – Heritage Loan funds interior & exterior work
- Tax value between \$500,000-\$750,000 – Heritage Loan funds exterior work only
- Tax value over \$750,000 – property is ineligible for the loan

What is my next step?

Call the Cleveland Restoration Society (CRS) at (216) 426-3116. We will discuss the eligibility of your house and your proposed repair projects with you. Also, it will give us an opportunity to schedule a site visit at your house and give you further instructions for applying for the loan at a KeyBank branch location.



CLEVELAND RESTORATION SOCIETY

Heritage Home Program Loan Application Process

These step-by-step instructions will help to guide you through the Heritage Home Program loan application process. If you have any questions regarding these instructions please contact us at 216-426-3116.

Step 1 - Determining Eligibility and Bank Pre-Approval

After your initial telephone interview has been conducted by the Cleveland Restoration Society (CRS), a Heritage Home Program packet will be sent to your home. The packet will include a memo addressed to KeyBank on CRS' letterhead. This memo is to be taken to the bank, where they will provide you with all the loan application materials. Although it is possible to go to any local KeyBank branch in Cuyahoga County, we will generally direct you to specific branches whose loan officers have expertise with the Heritage Program.

Your application is generally conditionally pre-approved within 2-3 business days after you've applied. KeyBank notifies CRS of your conditional pre-approval. Once we have received this notification, we will contact you to set up a time for a site visit and/or provide you with construction specifications. This step does not grant you final bank approval. Final approval will be granted on your loan only after completion of the entire application process described below and after CRS has approved your project scope. Do not sign any contracts or proposals with contractors at this time.

Step 2 – Complete Site Visit and Construction Specifications for Bid

Once your site visit has taken place, CRS will complete your Construction Specifications (Specs) and provide contractor referrals (if needed). Specs are only written for exterior work. You will not receive specs for any interior projects. Copies of these documents will be sent or delivered to your home. We only write Specs for exterior work. Once you have received them, you can begin getting bids for your projects. Make sure that contractors read, understand, and use the Specs to write bids for your project(s). Do not sign any contracts or proposals at this time. If the Specs are not followed, you will lose your 3.5% interest rate and be bumped to KeyBank's current interest rate for home equity loans. It is the homeowner's primary responsibility to make sure that work is being done as described in the Specs provided by CRS throughout the entire one-year construction term.

Step 3 – Acquiring Bids and Processing Final Loan Amount

Once you have acquired all of the bids for every project you intend to complete using the Heritage Home Loan, feel free to fax, mail, email or drop off a copy of each of your bids to our office. Contact information is as follows:

FAX to CRS: (216) 426-0550

USPS Mail to CRS:

**Heritage Home Program
3751 Prospect Avenue
Cleveland, OH 44115**

Email to CRS: kadams@clevelandrestoration.org or sbeimers@clevelandrestoration.org

The CRS will use these bids to determine your total loan amount and then submit final figures to KeyBank. Before we submit final figures, we will contact you to go over the contract amount, applicable fees and suggest a 5-10% contingency for potential cost-overruns, if necessary.

Step 4 – Final Loan Approval

When the bank has received the final paperwork from CRS, they will then prepare your loan documents. KeyBank will notify you that you have final approval for the loan, but you may also contact your branch to set up a loan closing date. Once you sign the loan, there will be a 3-day “right of rescission” period. After three days, KeyBank will either issue you a check for the total amount of your loan (Equity-Based Loan) or disburse funds to our escrow agent (After-Rehabilitation Loan). *No project work is to begin and no payments should be made until the loan funds have been disbursed.*

Step 5 – Loan Proceeds Disbursed and Work Commences

You will have one year from your loan closing date to complete all work at your residence. During this year, CRS will periodically check in with you to make sure that all projects are being completed as expected. In all communities except for Cleveland Heights, a Heritage Home Program sign will be posted in your front yard through the project’s duration. This sign advertises the program and the city’s sponsorship of the program. CRS will remove the sign two weeks after your projects have been completed.

Step 6 – Work Completed: Closing Site Visit

At the end of your one-year construction term, a CRS staff member will contact you to schedule a time to come out to your property to certify that all work has been done according to your bids and CRS Specs. At this site visit, CRS will completely close out your loan with the County Treasurer. Failure to meet with us to close out your loan will result in termination of the low-interest subsidy on your loan.



CLEVELAND RESTORATION SOCIETY

Heritage Home Program Equity-Based Loan

- The loan is offered at a 3.5 % fixed interest rate for up to a 10 year term
- The minimum loan amount is \$3,000 and the maximum is \$75,000
- Loans of \$3,000-\$24,999 have a 7–year term, an average monthly payment for a \$10,000 loan with this term is \$140.00
- Loans of \$25,000-\$75,000 have a 10-year term; an average monthly payments for a \$10,000 loan with this term is \$100.00
- KeyBank determines equity based on an 80% Loan To Value (i.e. 80% of the house's tax value minus your mortgage)

Owner-Occupied Single Family Residence

Standard Fees:

- \$99 Origination Fee (assessed by KeyBank at the time of closing)
- 2% CRS Technical Assistance Fee (2% of the total loan amount)

Potential Fees:

- Average \$300 Appraisal Fee (assessed by appraiser). This fee will only be assessed if the house's value is not sufficient for the requested loan amount. The appraisal company will contact the homeowner to schedule a walk-through or "as-is" appraisal.
- A \$350 early prepayment fee (assessed by KeyBank) will be assessed if the loan is paid off before the first thirty-six (36) months of the established term.

Non-Owner Occupied property (Rental Property up to 3 Units)

Standard Fees:

- \$99 Origination Fee (assessed by KeyBank)
- 2% Technical Assistance Fee (2% of the total loan amount assessed by CRS)
- Flood search, Title search, & Recording fee (assessed by KeyBank) amounts subject to change, contact local KeyBank branch for information.

Potential Fees:

- \$350-\$450 Appraisal Fee (assessed by appraisal company) this fee will only be assessed if the house's value is not sufficient for the requested loan amount. The appraisal company will contact the homeowner to schedule a walk through appraisal.
- \$350 early payment fee (assessed by KeyBank) if early payment is made before the first thirty-six (36) months of the established term, this fee will be assessed.



CLEVELAND RESTORATION SOCIETY

Heritage Home Program After-Rehabilitation Loan

The After-Rehab Loan under the Heritage Home Program is an alternative to our conventional Equity-Based Loan. It is useful in situations where a property has little equity invested into it or when the home is in poor condition and will be valued at significantly more when all improvements are complete.

This type of loan is offered at the same 3.5% fixed interest terms as our Equity-Based Loan with the same minimum \$3,000 and maximum \$75,000 loan amounts. Loans \$3,000-\$24,999 are a 7-year term, while those in the \$25,000 to \$75,000 range are a 10-year term. This type of loan allows KeyBank to lend up to 90% LTV (i.e. 90% of after-rehab value minus your mortgage).

- To consider this type of loan, the improvements to the property must be significant and include items such as a major kitchen and/or bathroom remodeling, finishing an attic or basement into living space. Unfortunately, the lender classifies exterior painting, electrical upgrades, roof replacement, foundation waterproofing, etc as 'maintenance'. These projects *by themselves* will not qualify for After-Rehab.
- Once your application has been made at KeyBank, an appraisal will be necessary in order to determine the property's value after the renovations have been completed. You will need to show the appraiser your contractor's bids for materials, cabinetry, fixtures, etc. so that they can make an accurate forecast of the home's future value. Only CRS' private after-rehab appraisers will be used to determine value.
- KeyBank, will loan on up to 90% of the determined after-rehab value. Because the bank wants to be sure that the after-rehab value is achieved for the home, all loan proceeds will be escrowed through a third party escrow agency.
- Loan proceeds will be issued to the escrow agency once you close on the loan and a 3-day "right of rescission" period has elapsed. As work is sequentially completed, CRS staff will inspect the work and have you sign off on it. CRS will then release funds from escrow to the appropriate contractors through completion of your renovation.
- All fees are financed in the Heritage Loan and are administered before the loan proceeds are released from the bank. Please compare the two loan types below:

After-Rehab Heritage Loan

- Bank Fee: \$99
- 2% CRS Technical Assistance Fee
- Appraisal Fee: \$300-450
- Escrow Fee: \$500